



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

R-27

333 West Ocean Boulevard 13th Floor • Long Beach, CA 90802

September 20, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

1. Adopt the attached Resolution approving the Amendment to the 2009-2014 Memorandum of Understanding with the Long Beach Police Officer's Association; and
2. Adopt the attached Resolution for paying and reporting the lower value of the employer paid member contributions to the California Public Employees Retirement System employees represented by the Long Beach Police Officer's Association. (Citywide)

DISCUSSION

City management representatives and representatives of the Long Beach Police Officer's Association (LBPOA) have had a number of meet and confer sessions regarding the financial impacts of the Fiscal Year 2012 (FY 12) budget. Meetings have been concluded and an amendment to the Memorandum of Understanding (MOU) has been jointly executed with representatives of the employee organization.

The major provisions of the Amendment (attached) are agreement to an additional seven percent (7%) CalPERS pick-up in FY 12, representing one hundred percent (100%) of the employee's share; agreement to full CalPERS pick-up for new City employees; and agreement to a lower retirement formula of two percent (2%) at fifty (50) and three-year average final compensation for new employees represented by the Association.

Pursuant to the Amendment and pending approval of the Resolutions, effective October 8, 2011, employees represented by the LBPOA shall contribute an amount equal to nine percent (9%) of their annual salary towards their individual employee contribution. The Resolutions also provide that new City employees represented by this Association hired on or after October 8, 2011, shall pay one hundred percent (100%) of the normal member contribution.

In order for the City to make changes to the employer paid member contribution, it is necessary for the City Council to adopt the attached Resolutions as prepared by the City Attorney.

This matter was reviewed by Senior Deputy City Attorney Christina L. Checel and Budget Management Officer Victoria Bell on September 12, 2011.

TIMING CONSIDERATIONS

City Council action is requested on September 20, 2011 to implement the MOU Amendment provisions and to ensure that CalPERS receives the EPMC Resolution for processing consistent with the effective date of the action.

FISCAL IMPACT

Over the term, this amendment will save the city \$16.6 million, not including the savings related to the changes to the pension plan for new POA members. In the last year of the contract, the savings is expected to be \$6.1 million and is expected to continue annually at that amount thereafter. These savings do not include the long-term savings due to changes to the pension plan for new employees.

Through FY 22, the agreement is projected to save the City's General Fund at least \$69 million including \$16 million from pension plan reductions for new POA members. Depending on the level of salary increases and hiring through FY 22, as previously reported through actuarial analysis, the savings could exceed \$100 million.

The total one-time cost of this agreement is \$2.575 million - \$1.575 million for advancement of pay increase and \$1 million for a requirement that the City potentially use up to that amount in FY 12 (only) to provide additional funding to the Police Department, if needed, to avoid police officer layoffs. Attrition is anticipated to accomplish the FY 12 budgeted reductions in police staffing so the \$1 million is not currently anticipated to be used to avoid layoffs. If not needed to prevent layoffs in FY 12, \$1 million would be used as an early pension payment to reduce future city pension payments. Due to the one-time nature of this funding, the City Manager recommends the use of \$2.575 million in Upland Oil fund balance.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DEBORAH R. MILLS
DIRECTOR OF HUMAN RESOURCES

DRM:tb

Attachments

APPROVED:



PATRICK H. WEST
CITY MANAGER

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH RETRACTING IMPLEMENTATION
5 OF GOVERNMENT CODE SECTION 20636(c)(4)
6 PURSUANT TO SECTION 20691 AS TO PAYING AND
7 REPORTING THE VALUE OF EMPLOYER PAID MEMBER
8 CONTRIBUTIONS FOR EMPLOYEES REPRESENTED BY
9 THE LONG BEACH POLICE OFFICERS' ASSOCIATION TO
10 THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT
11 SYSTEM (CalPERS)

12
13 WHEREAS, the City of Long Beach has the authority to implement
14 Government Code Section 20636(c)(4) pursuant to Section 20691; and

15 WHEREAS, the City of Long Beach has a written labor policy or agreement
16 which specifically provides for the normal member contributions to be paid by the
17 employer, and reported as special compensation; and

18 WHEREAS, the City has engaged in negotiations with the Long Beach
19 Police Officers' Association and the parties have agreed to amend the Memorandum of
20 Understanding with respect to payment and reporting of the value of employer paid
21 member contributions (EPMC); and

22 WHEREAS, members of the Police Officers' Association have agreed to
23 pay the full member contribution; and

24 WHEREAS, one of the steps in the procedures to implement this change is
25 the adoption by the governing body of the City of Long Beach of a resolution giving notice
26 of its intention to cease paying and reporting the value of employer paid member
27 contributions (EPMC) as compensation for all members of the group or class as identified
28 herein.

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

NOW, THEREFORE, the City Council of the City of Long Beach resolves as follows:

Section 1. Effective as of October 8, 2011, the governing body of the City of Long Beach shall retract its previous implementation of Government Code Section 20636(c)(4) pursuant to Section 20691 as to paying and reporting the value of Employer Paid Member Contributions (EPMC) for all employees represented by the Long Beach Police Officers' Association. In so doing, the City will pay zero percent (0%) and report the same percent (0%) and the member will pay one hundred percent (100%) of the normal member contribution which is currently nine percent (9%) of the member's compensation.

Section 2. This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify the vote adopting this resolution.

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 2011, by the following vote:

Ayes:	Councilmembers:	_____

Noes:	Councilmembers:	_____

Absent:	Councilmembers:	_____

City Clerk